

LAW OFFICES OF ARTHUR R. SIEGEL



ARTHUR R. SIEGEL
351 CALIFORNIA STREET
SUITE 700
SAN FRANCISCO
CA 94104
ASIEGEL@IGC.ORG
FAX 395-9615
415/ 395-9335

April 29, 2008

Concepcion E. Lozano-Batista
Barry E. Hinkle
Weinberg, Roger & Rosenfeld
A Professional Corporation
1001 Marina Village Parkway, Suite 200
Alameda, CA 94501-1091

via email clozano@unioncounsel.net

Richard Philip Sax
Law Offices of Richard Philip Sax
448 Sebastopol Avenue
Santa Rosa, CA 95401

via email Richard@rsaxlaw.com

Re: Board of Trustees v. Ken Douglas Schuldert, et al.
United States District Court Case No. C 07-06403 CRB MED

Dear Counsel:

This will confirm that we have scheduled the mediation in this case for June 4, 2008. We will meet at my offices at 351 California Street, Suite 700, San Francisco, beginning at 10:00 a.m. We agreed to keep the whole day available to allow the mediation to continue as long as it is being productive.

Please make sure that the written statements described in ADR L.R. 6-7 are exchanged and in my office by May 28, 2008. Email is preferable. Please include any key documents you feel I should read. If you think it would be helpful to our mediation, I also invite you to submit to me - but not exchange - confidential statements relating, for example, to obstacles to or options for settlement.

Also, please remember to arrange for your clients' attendance. As we discussed, apart from counsel, plaintiff will bring John Hagan, fund manager, and possibly an auditor, and defendant Ken Douglas Schuldert will appear.

Ms. Lozano-Batista has agreed to send Mr. Sax the audit materials relevant to the \$75,000 claim as soon as possible so that he can quickly determine whether and to what extent the parties differ on the amount, if any, that is due.

Please prepare for the mediation by discussing each of the following items with your clients:

- clients' interests, not just positions, and how these interests could be met;
- other side's interests, and how these could be met;
- best and worst alternatives to a negotiated settlement;
- strengths and weaknesses of case; and
- estimated budget to litigate the case through trial.

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As we discussed, under ADR L.R. 6-3(b) I will donate my preparation time and the first four hours of the mediation. If the case has not resolved and you all agree to continue, I will charge the court-set rate of \$200.00 per hour for the next four hours. After eight hours of session time, I will charge my hourly rate of \$400.00.

I look forward to seeing you on June 4th.

Very truly yours,

Arthur R. Siegel

cc: Clerk's Office-ADR Unit
Via email Alice_Fiel@cand.uscourts.gov
ARS:tr